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Honorable Whitman L. Holt
Chapter 11

10 *Attorneys for Matthew McKinlay,*
11 *Plan Agent*

12 UNITED STATES BANKRUPTCY COURT
13 FOR THE EASTERN DISTRICT OF WASHINGTON

14 In re:

15 MENSIONIDES DAIRY, LLC, and
16 ART & THERESA MENSIONIDES,

17 Debtors.

CHAPTER 11

No. 18-01681-WLH11 LEAD CASE

No. 18-01683-WLH11

SUPPLEMENTAL DECLARATION
OF MATTHEW MCKINLAY IN
SUPPORT OF (A) MOTION TO SELL
DAIRY'S REAL PROPERTY BY
AUCTION AND CERTAIN RELATED
RELIEF AND (B) MOTION TO SELL
DAIRY EQUIPMENT AND
VEHICLES BY AUCTION

22 I, Matthew McKinlay, declare:

23 1. I was appointed as Plan Agent (the "Plan Agent") of the Debtors' First
24 Amended Joint Chapter 11 Plan of Reorganization [Docket No. 479] (the "Plan")
25 pursuant to the Order Appointing Plan Agent [Docket No. 959] (the "Plan Agent")
26

SUPPLEMENTAL DECLARATION OF MATTHEW
MCKINLAY - PAGE 1

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1 Order”). I have personal knowledge of the facts set forth herein. I submit this
2 Supplemental Declaration (the “Supplemental Declaration”) in support of the (a)
3 Motion to Sell the Dairy’s Real Property by Auction [Docket No. 1070] (the “Real
4 Property Motion”) and (b) Motion to Sell Dairy Equipment and Vehicles by Auction
5 [Docket No. 1071] (together with the Real Property Motion, collectively, the
6 “Motions”)¹. More specifically, I submit this Supplemental Declaration to further
7 substantiate the existence of several “Triggering Events” as defined in the Plan Agent
8 Order.

9 2. Attached hereto as Exhibit A is the Dairy’s October 2022 Herd Count
10 Report establishing that the Dairy’s total herd size was 10,383 as of October 31, 2022.

11 3. Attached hereto as Exhibit B is the Mensonides Dairy, LLC and Art and
12 Teresa Mensonides Combined Financial Statements and Accountant’s Compilation
13 Report for the Period from June 30, 2022 through July 31, 2022 prepared by Petersen
14 CPAs and Advisors, PLLC on October 9, 2022 (the “July CPA Report”). The
15 Combined Statements of Operations on page 7 of the July CPA Report establish that
16 the Dairy had a negative net income of \$118,464 for the month of July 2022.

17 4. Attached hereto as Exhibit C is the Mensonides Dairy, LLC and Art and
18 Teresa Mensonides Combined Financial Statements and Accountant’s Compilation
19 Report for the Period from July 31, 2022 through August 30, 2022 prepared by
20 Petersen CPAs and Advisors, PLLC on October 19, 2022 (the “August CPA Report”).
21 The Combined Statements of Operations on page 7 of the July CPA Report establish
22 that the Dairy had a negative net income of \$725,522 for the month of August 2022.

23 5. Attached hereto as Exhibit D is the Mensonides Dairy, LLC and Art and
24 Teresa Mensonides Combined Financial Statements and Accountant’s Compilation
25 Report for the Period from October 31, 2022 through November 30, 2022 prepared by
26

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motions.

1 Petersen CPAs and Advisors, PLLC on December 23, 2022 (the “November CPA
2 Report”). The Combined Statements of Cash Flows on page 9 of the November CPA
3 Report establish that the Dairy had a negative net cash flow of \$467,586 for the month
4 of November 2022.

5 6. Attached hereto as Exhibit E is the Mensonides Dairy, LLC Cash
6 Receipts and Disbursements Report from October 1, 2022 through December 31, 2022
7 which establishes that the Dairy had negative cash flows after being adjusted for
8 working capital for the months of October and November 2022.

9
10 I declare under penalty of perjury that the foregoing is true and correct.

11 Dated this 3rd day of February, 2023, at Boise, Idaho.

12
13
14 
Matthew McKinlay

DairyComp 305
Command : COUNTS

Art Mensonides Dairy

Page 1

Expanded to : SUM ... BY PEN

COWS

10/31/22

By PEN	Pct	Count
1	2	181
2	2	232
3	2	221
4	5	532
5	5	473
6	5	472
7	5	504
8	5	488
9	4	372
10	5	484
11	3	279
12	3	305
13	3	301
14	3	289
15	1	134
16	5	515
17	0	44
19	1	86
20	5	507
21	1	74
22	3	283
23	2	179
24	3	295
42	4	443
44	7	697
49	4	426
50	15	1525
101	0	42
=====	=====	=====
Total	100	10383

**Mensonides Dairy, LLC and
Art and Teresa Mensonides (Rental Real
Estate)**

Combined Financial Statements and
Accountant's Compilation Report
July 31, 2022 and June 30, 2022



**Mensonides Dairy, LLC and
Art and Teresa Mensonides (Rental Real Estate)
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ACCOUNTANT'S COMPILATION REPORT

To Management and
Those Charged with Governance
Mensonides Dairy, LLC
c/o Matt McKinlay, Plan Agent
Mabton, Washington

Management is responsible for the accompanying combined financial statements of Mensonides Dairy, LLC (a partnership) and Art and Teresa Mensonides (rental real estate) (together, the Dairy), which comprise the combined balance sheets as of July 31, 2022 and June 30, 2022, and the related combined statements of operations, members' equity and owners' deficit, and cash flows for the one-month and seven-month periods ended July 31, 2022 (the financial statements), in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy, or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by U.S. GAAP. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Dairy's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagements. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Generally Accepted Accounting Principles Departure

Management has informed us that certain ongoing farming operations of the Dairy are presented in the statement of operations under the caption "Other income (expenses)" on a net basis and that, if U.S. GAAP has been followed, revenues and expenses would have increased.

Going Concern

Certain conditions indicate that the Dairy may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments to the financial statements that might be necessary should the Dairy be unable to continue as a going concern.

This report is intended solely for the information and use of Northwest Farm Credit Services, CoBank, the members, owners, and management, and is not intended to be, and should not be used by anyone other than these specified parties.

Petersen CPAs & Advisors, PLLC

October 9, 2022

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combined Balance Sheets

	June 30, 2022	Net Change	July 31, 2022
Assets			
Current assets			
Cash, pre-petition accounts	\$ 86,224	\$ -	\$ 86,224
Cash, post-petition accounts	569,284	489,067	1,058,351
Hedging account	83,760	-	83,760
Accounts receivable	1,229,083	(250,814)	978,269
Other current assets	824,713	64,636	889,349
Rent receivable	-	-	-
Inventories			
Feed inventories	722,203	(211,075)	511,128
Supplies	31,587	116,145	147,732
Growing crop inventory	143,478	(3,610)	139,868
Total current assets	<u>3,690,332</u>	<u>204,349</u>	<u>3,894,681</u>
Dairy herd			
Dairy cows			
Cost	8,123,901	278,600	8,402,501
Less: accumulated depreciation	<u>(1,806,474)</u>	<u>(8,813)</u>	<u>(1,815,287)</u>
Dairy cows, net of depreciation	6,317,427	269,787	6,587,214
Heifers	<u>3,725,400</u>	<u>240,800</u>	<u>3,966,200</u>
Total dairy herd, net of depreciation	<u>10,042,827</u>	<u>510,587</u>	<u>10,553,414</u>
Property, plant, and equipment			
Land	1,990,587	-	1,990,587
Buildings and improvements	15,475,442	-	15,475,442
Equipment	<u>13,796,084</u>	<u>-</u>	<u>13,796,084</u>
Total property, plant, and equipment	31,262,113	-	31,262,113
Less: accumulated depreciation	<u>(19,639,349)</u>	<u>(80,360)</u>	<u>(19,719,709)</u>
Net property, plant, and equipment	<u>11,622,764</u>	<u>(80,360)</u>	<u>11,542,404</u>
Other assets			
Investments in cooperatives	<u>7,252,725</u>	<u>67,719</u>	<u>7,320,444</u>
Total assets	<u><u>\$ 32,608,648</u></u>	<u><u>\$ 702,295</u></u>	<u><u>\$ 33,310,943</u></u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combined Balance Sheets

	June 30, 2022	Net Change	July 31, 2022
Liabilities and Equity			
Current liabilities			
Accounts payable, post-petition	\$ 1,028,118	\$ 928,245	\$ 1,956,363
Payroll liabilities	75,340	(11,201)	64,139
Accrued expenses, post-petition	5,716	-	5,716
Accrued interest payable, post-petition	17,378	-	17,378
Accrued lease expense, post-petition	-	-	-
Current portion of long-term debt	1,152,000	8,000	1,160,000
Total current liabilities	<u>2,278,552</u>	<u>925,044</u>	<u>3,203,596</u>
Long-term liabilities			
Real estate loans, net of unamortized debt issuance costs and current portion, pre-petition	15,042,622	(31,175)	15,011,447
Hedging loans, pre-petition	1,753,413	-	1,753,413
Line of credit- feed, net of current portion, pre-petition	3,530,911	(31,556)	3,499,355
Line of credit-cow, net of current portion, pre-petition	8,534,903	(33,555)	8,501,348
Pre-petition payables	4,233,867	-	4,233,867
Total long-term liabilities	<u>33,095,716</u>	<u>(96,286)</u>	<u>32,999,430</u>
Total liabilities	<u>35,374,268</u>	<u>828,758</u>	<u>36,203,026</u>
Members' equity and owners' deficit			
Members' equity	5,126,089	(124,113)	5,001,976
Owners' deficit	<u>(7,891,709)</u>	<u>(2,350)</u>	<u>(7,894,059)</u>
Total members' equity and owners' deficit	<u>(2,765,620)</u>	<u>(126,463)</u>	<u>(2,892,083)</u>
Total liabilities and members' equity and owners' deficit	<u>\$ 32,608,648</u>	<u>\$ 702,295</u>	<u>\$ 33,310,943</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combined Statements of Operations

	1 Month Ended July 31, 2022	Per CWT of milk	7 Months Ended July 31, 2022	Per CWT of milk
Income				
Milk sales	\$ 2,484,380	24.66	\$ 20,103,885	25.65
Less: deductions	<u>(191,178)</u>	<u>(1.90)</u>	<u>(1,111,717)</u>	<u>(1.42)</u>
Net milk sales	2,293,202	22.76	18,992,168	24.23
 Calf sales	 6,065	 0.06	 25,709	 0.03
Other dairy income	<u>50,000</u>	<u>0.50</u>	<u>235,018</u>	<u>0.30</u>
Total income	<u>2,349,267</u>	<u>23.32</u>	<u>19,252,895</u>	<u>-</u>
 Operating expenses				
Feeding expenses				
Cow feeding	2,172,210	21.56	12,370,192	15.78
Calf feeding	157,522	1.56	1,617,363	2.06
Wages and payroll taxes	322,651	3.20	2,114,103	2.70
Utilities, fuel, and oil	52,490	0.52	554,237	0.71
Vet supplies and breeding	(15,132)	(0.15)	492,690	0.63
Repair and maintenance	81,984	0.81	659,661	0.84
Other depreciation	80,360	0.80	573,582	0.73
Supplies	32,181	0.32	140,544	0.18
Farming	3,008	0.03	102,105	0.13
Property tax	11,210	0.11	70,543	0.09
Insurance	10,172	0.10	55,661	0.07
Depreciation - dairy cows	98,878	0.98	685,483	0.87
Professional fees	212,073	2.10	291,417	0.37
Office expense	1,308	0.01	7,947	0.01
Less: inventoried costs				
Heifers and steers	(870,100)	(8.64)	(2,564,100)	-
Farm crops	<u>1,131</u>	<u>0.01</u>	<u>(178,445)</u>	<u>(3.27)</u>
Total operating expenses	<u>2,351,946</u>	<u>23.34</u>	<u>16,992,983</u>	<u>(0.23)</u>
 Net operating income (loss)	<u>(2,679)</u>	<u>(0.03)</u>	<u>2,259,912</u>	<u>2.88</u>
 Other income (expenses)				
Interest expense	(121,714)	(1.21)	(800,912)	(1.02)
Gain (loss) on sale of dairy animals	5,929	0.06	(524,268)	(0.67)
Bankruptcy expenses	<u>-</u>	<u>-</u>	<u>(142,962)</u>	<u>(0.18)</u>
Total other expenses	<u>(115,785)</u>	<u>(1.15)</u>	<u>(1,468,142)</u>	<u>(1.87)</u>
 Net income (loss)	<u><u>\$ (118,464)</u></u>	<u><u>(1.18)</u></u>	<u><u>\$ 791,770</u></u>	<u><u>1.01</u></u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)
Combined Statements of Members' Equity and Owners' Deficit
For the seven months ended July 31, 2022

	Total members' equity and owners' deficit
Balance, December 31, 2021	\$ (3,627,853)
Net Income	791,770
Distributions to members/owners	<u>(56,000)</u>
Balance, July 31, 2022	<u><u>\$ (2,892,083)</u></u>

Mensonides Dairy, LLC

Combined Statements of Cash Flows

	1 Month Ended July 31, 2022	7 Months Ended July 31, 2022
Cash Flows from Operating Activities		
Cash received from milk co-op	\$ 2,476,297	\$ 18,618,573
Other income received	56,065	260,726
Feeding expenses	(1,367,582)	(13,223,066)
Wages and payroll taxes	(333,852)	(2,124,098)
Interest paid	(121,714)	(800,912)
Other expenses paid	479,675	(226,109)
Net cash flows from operating activities	<u>1,188,889</u>	<u>2,505,114</u>
Cash Flows from Investing Activities		
Net changes to dairy herd	(877,599)	(2,253,799)
Proceeds from sales of dairy cows	274,063	919,969
Net cash flows from investing activities	<u>(603,536)</u>	<u>(1,333,830)</u>
Cash Flows from Financing Activities		
Principal payments on long-term debt	(88,286)	(620,296)
Distributions to members and owners	(8,000)	(56,000)
Net cash flows from financing activities	<u>(96,286)</u>	<u>(676,296)</u>
Net Increase in Cash	489,067	494,988
Cash, Beginning of Period	<u>655,508</u>	<u>649,587</u>
Cash, End of Period	<u><u>\$ 1,144,575</u></u>	<u><u>\$ 1,144,575</u></u>
Reconciliation of income to net cash flows from operating activities		
Net income (loss)	\$ (118,464)	\$ 791,770
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation - property, plant, and equipment	80,360	573,582
Depreciation - dairy cows	98,878	685,483
Loss on sale of dairy animals	(5,929)	524,268
Milk sales income held as co-operative retainage	(67,719)	(474,036)
Change in assets and liabilities:		
Accounts receivable	250,814	100,441
Other current assets	(64,635)	(450,888)
Inventories	98,540	266,283
Accounts payable and accrued expenses	917,044	488,211
Total adjustments	<u>1,307,353</u>	<u>1,713,344</u>
Net cash flows from operating activities	<u><u>\$ 1,188,889</u></u>	<u><u>\$ 2,505,114</u></u>

SUPPLEMENTARY INFORMATION

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combining Balance Sheets

July 31, 2022, with comparative combined totals for June 30, 2022

	Mensonides Dairy, LLC	Rental Real Estate	Eliminations	Combined Total	June 30, 2022 Combined Total
Assets					
Current assets					
Cash, pre-petition accounts	\$ 86,224	\$ -	\$ -	\$ 86,224	\$ 86,224
Cash, post-petition accounts	1,058,351	-	-	1,058,351	569,284
Hedging account	83,760	-	-	83,760	83,760
Accounts receivable	978,269	-	-	978,269	1,229,083
Other current assets	804,349	85,000	-	889,349	824,713
Rent receivable	85,000	950,763	(1,035,763)	-	-
Inventories					
Feed inventories	511,128	-	-	511,128	722,203
Supplies	147,732	-	-	147,732	31,587
Growing crop inventory	139,868	-	-	139,868	143,478
Total current assets	3,894,681	1,035,763	(1,035,763)	3,894,681	3,690,332
Dairy herd					
Dairy cows					
Cost	8,402,501	-	-	8,402,501	8,123,901
Less: accumulated depreciation	(1,815,287)	-	-	(1,815,287)	(1,806,474)
Dairy cows, net of depreciation	6,587,214	-	-	6,587,214	6,317,427
Heifers	3,966,200	-	-	3,966,200	3,725,400
Total dairy herd, net of depreciation	10,553,414	-	-	10,553,414	10,042,827
Property, plant, and equipment					
Land	-	1,990,587	-	1,990,587	1,990,587
Buildings and improvements	4,808,649	10,666,793	-	15,475,442	15,475,442
Equipment	11,142,626	2,653,458	-	13,796,084	13,796,084
Total property, plant, and equipment	15,951,275	15,310,838	-	31,262,113	31,262,113
Less: accumulated depreciation	(10,967,071)	(8,752,638)	-	(19,719,709)	(19,639,349)
Net property, plant, and equipment	4,984,204	6,558,200	-	11,542,404	11,622,764
Other assets					
Investments in cooperatives	7,320,444	-	-	7,320,444	7,252,725
Total assets	26,752,743	7,593,963	(1,035,763)	33,310,943	32,608,648

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combining Balance Sheets

July 31, 2022, with comparative combined totals for June 30, 2022

	Mensonides Dairy, LLC	Rental Real Estate	Eliminations	Combined Total	June 30, 2022 Combined Total
Liabilities and Equity					
Current liabilities					
Accounts payable, post-petition	\$ 1,956,363	\$ -	\$ -	\$ 1,956,363	\$ 1,028,118
Payroll liabilities	64,139	-	-	64,139	75,340
Accrued expenses, post-petition	5,716	-	-	5,716	5,716
Accrued interest payable, post-petition	9,803	7,575	-	17,378	17,378
Accrued lease expense, post-petition	950,763	85,000	(1,035,763)	-	-
Current portion of long-term debt	776,000	384,000	-	1,160,000	1,152,000
Total current liabilities	<u>3,762,784</u>	<u>476,575</u>	<u>(1,035,763)</u>	<u>3,203,596</u>	<u>2,278,552</u>
Long-term liabilities					
Real estate loans, net of unamortized debt issuance costs and current portion, pre-petition	-	15,011,447	-	15,011,447	15,042,622
Hedging loans, pre-petition	1,753,413	-	-	1,753,413	1,753,413
Line of credit- feed, net of current portion, pre-petition	3,499,355	-	-	3,499,355	3,530,911
Line of credit-cow, net of current portion, pre-petition	8,501,348	-	-	8,501,348	8,534,903
Pre-petition payables	4,233,867	-	-	4,233,867	4,233,867
Total long-term liabilities	<u>17,987,983</u>	<u>15,011,447</u>	<u>-</u>	<u>32,999,430</u>	<u>33,095,716</u>
Total liabilities	<u>21,750,767</u>	<u>15,488,022</u>	<u>(1,035,763)</u>	<u>36,203,026</u>	<u>35,374,268</u>
Members' equity and owners' deficit					
Members' equity	5,001,976	-	-	5,001,976	5,126,089
Owners' deficit	-	(7,894,059)	-	(7,894,059)	(7,891,709)
Total members' equity and owners' deficit	<u>5,001,976</u>	<u>(7,894,059)</u>	<u>-</u>	<u>(2,892,083)</u>	<u>(2,765,620)</u>
Total liabilities and members' equity and owners' deficit	<u>\$ 26,752,743</u>	<u>\$ 7,593,963</u>	<u>\$ (1,035,763)</u>	<u>\$ 33,310,943</u>	<u>\$ 32,608,648</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)
Combining Statements of Operations
For the month ended July 31, 2022

	Mensonides Dairy LLC	Rental Real Estate	Eliminations	Combined Total	Per CWT of Milk
Income					
Milk sales	\$ 2,484,380	\$ -	\$ -	\$ 2,484,380	24.66
Less: deductions	<u>(191,178)</u>	<u>-</u>	<u>-</u>	<u>(191,178)</u>	<u>(1.90)</u>
Net milk sales	2,293,202	-	-	2,293,202	22.76
 Calf sales	6,065	-	-	6,065	0.06
Other dairy income	50,000	-	-	50,000	0.50
Dairy lease income	<u>-</u>	<u>85,000</u>	<u>(85,000)</u>	<u>-</u>	<u>-</u>
Total income	<u>2,349,267</u>	<u>85,000</u>	<u>(85,000)</u>	<u>2,349,267</u>	<u>23.32</u>
Operating expenses					
Feeding expenses					
Cow feeding	2,172,210	-	-	2,172,210	21.56
Calf feeding	157,522	-	-	157,522	1.56
Wages and payroll taxes	322,651	-	-	322,651	3.20
Utilities, fuel, and oil	52,490	-	-	52,490	0.52
Vet supplies and breeding	(15,132)	-	-	(15,132)	(0.15)
Repair and maintenance	81,984	-	-	81,984	0.81
Other depreciation	48,835	31,525	-	80,360	0.80
Supplies	32,181	-	-	32,181	0.32
Farming	3,008	-	-	3,008	0.03
Property tax	11,210	-	-	11,210	0.11
Insurance	10,172	-	-	10,172	0.10
Depreciation - dairy cows	98,878	-	-	98,878	0.98
Professional fees	212,073	-	-	212,073	2.10
Office expense	1,308	-	-	1,308	0.01
Lease expense	85,000	-	(85,000)	-	-
Less: inventoried costs					
Heifers and steers	(870,100)	-	-	(870,100)	(8.64)
Farm crops	<u>1,131</u>	<u>-</u>	<u>-</u>	<u>1,131</u>	<u>0.01</u>
Total operating expenses	<u>2,405,421</u>	<u>31,525</u>	<u>(85,000)</u>	<u>2,351,946</u>	<u>23.34</u>
 Net operating income (loss)	<u>(56,154)</u>	<u>53,475</u>	<u>-</u>	<u>(2,679)</u>	<u>(0.03)</u>
Other income (expenses)					
Interest expense	(65,888)	(55,826)	-	(121,714)	(1.21)
Gain on sale of dairy animals	<u>5,929</u>	<u>-</u>	<u>-</u>	<u>5,929</u>	<u>0.06</u>
Total other expenses	<u>(59,959)</u>	<u>(55,826)</u>	<u>-</u>	<u>(115,785)</u>	<u>(1.15)</u>
 Net loss	<u>\$ (116,113)</u>	<u>\$ (2,351)</u>	<u>\$ -</u>	<u>\$ (118,464)</u>	<u>(1.18)</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)
Combining Statements of Operations
For the seven months ended July 31, 2022

	Mensonides Dairy LLC	Rental Real Estate	Eliminations	Combined Total	Per CWT of Milk
Income					
Milk sales	\$ 20,103,885	\$ -	\$ -	\$ 20,103,885	25.65
Less: deductions	(1,111,717)	-	-	(1,111,717)	(1.42)
Net milk sales	18,992,168	-	-	18,992,168	24.23
Calf sales	25,709	-	-	25,709	0.03
Other dairy income	235,018	-	-	235,018	0.30
Dairy lease income	-	573,043	(573,043)	-	-
Total income	19,252,895	573,043	(573,043)	19,252,895	24.57
Operating expenses					
Feeding expenses					
Cow feeding	12,370,192	-	-	12,370,192	15.78
Calf feeding	1,617,363	-	-	1,617,363	2.06
Wages and payroll taxes	2,114,103	-	-	2,114,103	2.70
Utilities, fuel, and oil	554,237	-	-	554,237	0.71
Vet supplies and breeding	492,690	-	-	492,690	0.63
Repair and maintenance	659,661	-	-	659,661	0.84
Other depreciation	352,909	220,673	-	573,582	0.73
Supplies	140,544	-	-	140,544	0.18
Farming	102,105	-	-	102,105	0.13
Property tax	70,543	-	-	70,543	0.09
Insurance	55,661	-	-	55,661	0.07
Depreciation - dairy cows	685,483	-	-	685,483	0.87
Professional fees	291,417	-	-	291,417	0.37
Office expense	7,947	-	-	7,947	0.01
Lease expense	573,043	-	(573,043)	-	0.00
Less: inventoried costs					
Heifers and steers	(2,564,100)	-	-	(2,564,100)	(3.27)
Farm crops	(178,445)	-	-	(178,445)	(0.23)
Total operating expenses	17,345,353	220,673	(573,043)	16,992,983	21.68
Net operating income (loss)	1,907,542	352,370	-	2,259,912	2.88
Other expenses					
Interest expense	(434,360)	(366,552)	-	(800,912)	(1.02)
Loss on sale of dairy animals	(524,268)	-	-	(524,268)	(0.67)
Bankruptcy expenses	(142,962)	-	-	(142,962)	(0.18)
Total other expenses	(1,101,590)	(366,552)	-	(1,468,142)	(1.87)
Net income (loss)	<u>\$ 805,952</u>	<u>\$ (14,182)</u>	<u>\$ -</u>	<u>\$ 791,770</u>	<u>1.01</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)
Combining Statements of Members' Equity and Owners' Deficit
For the seven months ended July 31, 2022

	<u>Mensonides Dairy, LLC</u>	<u>Rental Real Estate</u>	<u>Combined Total</u>
Balance, December 31, 2021	\$ 4,252,024	\$ (7,879,877)	\$ (3,627,853)
Net income (loss)	805,952	(14,182)	791,770
Distributions to members/owners	<u>(56,000)</u>	<u>-</u>	<u>(56,000)</u>
Balance, July 31, 2022	<u>\$ 5,001,976</u>	<u>\$ (7,894,059)</u>	<u>\$ (2,892,083)</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combined Financial Statements and
Accountant's Compilation Report
August 31, 2022 and July 31, 2022



**Mensonides Dairy, LLC and
Art and Teresa Mensonides (Rental Real Estate)
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ACCOUNTANT'S COMPILATION REPORT

To Management and
Those Charged with Governance
Mensonides Dairy, LLC
c/o Matt McKinlay, Plan Agent
Mabton, Washington

Management is responsible for the accompanying combined financial statements of Mensonides Dairy, LLC (a partnership) and Art and Teresa Mensonides (rental real estate) (together, the Dairy), which comprise the combined balance sheets as of August 31, 2022 and July 31, 2022, and the related combined statements of operations, members' equity and owners' deficit, and cash flows for the one-month and eight-month periods ended August 31, 2022 (the financial statements), in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy, or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by U.S. GAAP. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Dairy's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagements. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Generally Accepted Accounting Principles Departure

Management has informed us that certain ongoing farming operations of the Dairy are presented in the statement of operations under the caption "Other income (expenses)" on a net basis and that, if U.S. GAAP has been followed, revenues and expenses would have increased.

Going Concern

Certain conditions indicate that the Dairy may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments to the financial statements that might be necessary should the Dairy be unable to continue as a going concern.

This report is intended solely for the information and use of Northwest Farm Credit Services, CoBank, the members, owners, and management, and is not intended to be, and should not be used by anyone other than these specified parties.

Petersen CPAs + Advisors, PLLC

October 19, 2022

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combined Balance Sheets

	July 31, 2022	Net Change	August 31, 2022
Assets			
Current assets			
Cash, post-petition accounts	\$ 1,058,351	\$ 298,928	\$ 1,357,279
Accounts receivable	978,269	1,286,455	2,264,724
Other current assets	889,349	(570,764)	318,585
Rent receivable	-	-	-
Inventories			
Feed inventories	511,128	271,744	782,872
Supplies	147,731	(118,115)	29,616
Growing crop inventory	139,868	16,762	156,630
Total current assets	<u>3,724,696</u>	<u>1,185,010</u>	<u>4,909,706</u>
Dairy herd			
Dairy cows			
Cost	8,402,501	(102,200)	8,300,301
Less: accumulated depreciation	<u>(1,815,287)</u>	<u>(42,091)</u>	<u>(1,857,378)</u>
Dairy cows, net of depreciation	6,587,214	(144,291)	6,442,923
Heifers	<u>3,966,200</u>	<u>(305,200)</u>	<u>3,661,000</u>
Total dairy herd, net of depreciation	<u>10,553,414</u>	<u>(449,491)</u>	<u>10,103,923</u>
Property, plant, and equipment			
Land	1,990,587	-	1,990,587
Buildings and improvements	15,475,442	-	15,475,442
Equipment	<u>13,796,084</u>	<u>14,298</u>	<u>13,810,382</u>
Total property, plant, and equipment	31,262,113	14,298	31,276,411
Less: accumulated depreciation	<u>(19,719,709)</u>	<u>(80,599)</u>	<u>(19,800,308)</u>
Net property, plant, and equipment	<u>11,542,404</u>	<u>(66,301)</u>	<u>11,476,103</u>
Other assets			
Investments in cooperatives	<u>7,320,444</u>	<u>67,720</u>	<u>7,388,164</u>
Total assets	<u><u>\$ 33,140,958</u></u>	<u><u>\$ 736,938</u></u>	<u><u>\$ 33,877,896</u></u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combined Balance Sheets

	July 31, 2022	Net Change	August 31, 2022
Liabilities and Equity			
Current liabilities			
Accounts payable, post-petition	\$ 1,956,363	\$1,147,563	\$ 3,103,926
Payroll liabilities	64,139	14,093	78,232
Accrued expenses, post-petition	5,716	-	5,716
Accrued interest payable, post-petition	17,378	-	17,378
Accrued lease expense, post-petition	-	-	-
Current portion of long-term debt	1,160,000	8,000	1,168,000
Total current liabilities	<u>3,203,596</u>	<u>1,169,656</u>	<u>4,373,252</u>
Long-term liabilities			
Real estate loans, net of unamortized debt issuance costs and current portion, pre-petition	15,011,447	(31,174)	14,980,273
Hedging loans, pre-petition	1,753,413	-	1,753,413
Line of credit- feed, net of current portion, pre-petition	3,499,355	468,444	3,967,799
Line of credit-cow, net of current portion, pre-petition	8,501,348	(33,556)	8,467,792
Pre-petition payables	4,233,867	(110,914)	4,122,953
Total long-term liabilities	<u>32,999,430</u>	<u>292,800</u>	<u>33,292,230</u>
Total liabilities	<u>36,203,026</u>	<u>1,462,456</u>	<u>37,665,482</u>
Members' equity and owners' deficit			
Members' equity	4,831,991	(723,167)	4,108,824
Owners' deficit	(7,894,059)	(2,351)	(7,896,410)
Total members' equity and owners' deficit	<u>(3,062,068)</u>	<u>(725,518)</u>	<u>(3,787,586)</u>
Total liabilities and members' equity and owners' deficit	<u>\$ 33,140,958</u>	<u>\$ 736,938</u>	<u>\$ 33,877,896</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combined Statements of Operations

	1 Month Ended August 31, 2022	Per CWT of milk	8 Months Ended August 31, 2022	Per CWT of milk
Income				
Milk sales	\$ 2,568,649	24.68	\$ 22,672,534	25.54
Less: deductions	<u>(141,652)</u>	<u>(1.36)</u>	<u>(1,253,369)</u>	<u>(1.41)</u>
Net milk sales	2,426,997	23.32	21,419,165	24.13
 Calf sales	 37,143	 0.36	 62,852	 0.07
Other dairy income	<u>263</u>	<u>-</u>	<u>235,281</u>	<u>0.27</u>
Total income	<u>2,464,403</u>	<u>23.68</u>	<u>21,717,298</u>	<u>24.46</u>
 Operating expenses				
Feeding expenses				
Cow feeding	1,497,303	14.39	14,037,480	15.81
Calf feeding	139,732	1.34	1,757,095	1.98
Wages and payroll taxes	362,226	3.48	2,476,329	2.79
Utilities, fuel, and oil	75,005	0.72	629,242	0.71
Vet supplies and breeding	241,987	2.33	734,677	0.83
Repair and maintenance	147,332	1.42	806,993	0.91
Other depreciation	80,599	0.77	654,181	0.74
Supplies	25,654	0.25	166,199	0.19
Farming	24,780	0.24	126,885	0.14
Property tax	11,197	0.11	81,740	0.09
Insurance	10,172	0.10	65,833	0.07
Depreciation - dairy cows	97,662	0.94	783,144	0.88
Professional fees	116,302	1.12	407,719	0.46
Office expense	410	-	8,353	0.01
Less: inventoried costs				
Heifers and steers	217,700	2.09	(2,346,400)	(2.64)
Farm crops	<u>-</u>	<u>-</u>	<u>(178,445)</u>	<u>(0.20)</u>
Total operating expenses	<u>3,048,061</u>	<u>29.29</u>	<u>20,211,025</u>	<u>22.77</u>
 Net operating income (loss)	 <u>(583,658)</u>	 <u>(5.61)</u>	 <u>1,506,273</u>	 <u>1.70</u>
 Other income (expenses)				
Interest expense	(121,714)	(1.17)	(922,626)	(1.04)
Gain (loss) on sale of dairy animals	(20,150)	(0.19)	(544,418)	(0.61)
Bankruptcy expenses	<u>-</u>	<u>-</u>	<u>(142,962)</u>	<u>(0.16)</u>
Total other expenses	<u>(141,864)</u>	<u>(1.36)</u>	<u>(1,610,006)</u>	<u>(1.81)</u>
 Net income (loss)	 <u><u>\$ (725,522)</u></u>	 <u><u>(6.97)</u></u>	 <u><u>\$ (103,733)</u></u>	 <u><u>(0.12)</u></u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)
Combined Statements of Members' Equity and Owners' Deficit
For the eight months ended August 31, 2022

	Total members' equity and owners' deficit
Balance, December 31, 2021	\$ (3,627,853)
Net loss	(103,733)
Distributions to members/owners	(56,000)
Balance, August 31, 2022	<u>\$ (3,787,586)</u>

Mensonides Dairy, LLC

Combined Statements of Cash Flows

	1 Month Ended August 31, 2022	8 Months Ended August 31, 2022
Cash Flows from Operating Activities		
Cash received from milk co-op	\$ 1,072,822	\$ 19,691,395
Other income received	37,406	298,132
Feeding expenses	(89,095)	(13,882,929)
Wages and payroll taxes	(348,133)	(2,472,231)
Interest paid	(121,714)	(922,626)
Other expenses paid	(870,539)	(525,881)
Net cash flows from operating activities	<u>(319,253)</u>	<u>2,185,860</u>
Cash Flows from Investing Activities		
Net changes to dairy herd	159,489	(2,094,308)
Purchase of equipment	(14,298)	(14,298)
Proceeds from sales of dairy cows	172,190	1,092,158
Net cash flows from investing activities	<u>317,381</u>	<u>(1,016,448)</u>
Cash Flows from Financing Activities		
Principal payments on long-term debt	(199,200)	(819,496)
Change in pre-petition and hedging accounts		(86,224)
Borrowings on long-term debt	500,000	500,000
Distributions to members and owners	-	(56,000)
Net cash flows from financing activities	<u>300,800</u>	<u>(461,720)</u>
Net Increase in Cash	298,928	707,692
Cash, Beginning of Period	<u>1,058,351</u>	<u>649,587</u>
Cash, End of Period	<u><u>\$ 1,357,279</u></u>	<u><u>\$ 1,357,279</u></u>
Reconciliation of income to net cash flows from operating activities		
Net income (loss)	\$ (725,522)	\$ (103,733)
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation - property, plant, and equipment	80,599	654,181
Depreciation - dairy cows	97,662	783,144
Loss on sale of dairy animals	20,150	544,418
Write off of pre-petition and hedging accounts		169,984
Milk sales income held as co-operative retainage	(67,720)	(541,756)
Change in assets and liabilities:		
Accounts receivable	(1,286,455)	(1,186,014)
Other current assets	570,768	119,876
Inventories	(170,391)	95,893
Accounts payable and accrued expenses	1,161,656	1,649,867
Total adjustments	<u>406,269</u>	<u>2,289,593</u>
Net cash flows from operating activities	<u><u>\$ (319,253)</u></u>	<u><u>\$ 2,185,860</u></u>

SUPPLEMENTARY INFORMATION

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combining Balance Sheets

August 31, 2022, with comparative combined totals for July 31, 2022

	Mensonides Dairy, LLC	Rental Real Estate	Eliminations	Combined Total	July 31, 2022 Combined Total
Assets					
Current assets					
Cash, post-petition accounts	\$ 1,357,279	\$ -	\$ -	\$ 1,357,279	\$ 1,058,351
Accounts receivable	2,264,724	-	-	2,264,724	978,269
Other current assets	233,585	85,000	-	318,585	889,349
Rent receivable	85,000	950,763	(1,035,763)	-	-
Inventories					
Feed inventories	782,872	-	-	782,872	511,128
Supplies	29,616	-	-	29,616	147,731
Growing crop inventory	156,630	-	-	156,630	139,868
Total current assets	<u>4,909,706</u>	<u>1,035,763</u>	<u>(1,035,763)</u>	<u>4,909,706</u>	<u>3,724,696</u>
Dairy herd					
Dairy cows					
Cost	8,300,301	-	-	8,300,301	8,402,501
Less: accumulated depreciation	<u>(1,857,378)</u>	<u>-</u>	<u>-</u>	<u>(1,857,378)</u>	<u>(1,815,287)</u>
Dairy cows, net of depreciation	6,442,923	-	-	6,442,923	6,587,214
Heifers	3,661,000	-	-	3,661,000	3,966,200
Total dairy herd, net of depreciation	<u>10,103,923</u>	<u>-</u>	<u>-</u>	<u>10,103,923</u>	<u>10,553,414</u>
Property, plant, and equipment					
Land	-	1,990,587	-	1,990,587	1,990,587
Buildings and improvements	4,808,649	10,666,793	-	15,475,442	15,475,442
Equipment	<u>11,156,924</u>	<u>2,653,458</u>	<u>-</u>	<u>13,810,382</u>	<u>13,796,084</u>
Total property, plant, and equipment	15,965,573	15,310,838	-	31,276,411	31,262,113
Less: accumulated depreciation	<u>(11,016,145)</u>	<u>(8,784,163)</u>	<u>-</u>	<u>(19,800,308)</u>	<u>(19,719,709)</u>
Net property, plant, and equipment	<u>4,949,428</u>	<u>6,526,675</u>	<u>-</u>	<u>11,476,103</u>	<u>11,542,404</u>
Other assets					
Investments in cooperatives	<u>7,388,164</u>	<u>-</u>	<u>-</u>	<u>7,388,164</u>	<u>7,320,444</u>
Total assets	<u>\$ 27,351,221</u>	<u>\$ 7,562,438</u>	<u>\$ (1,035,763)</u>	<u>\$ 33,877,896</u>	<u>\$ 33,140,958</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combining Balance Sheets

August 31, 2022, with comparative combined totals for July 31, 2022

	Mensonides Dairy, LLC	Rental Real Estate	Eliminations	Combined Total	July 31, 2022 Combined Total
Liabilities and Equity					
Current liabilities					
Accounts payable, post-petition	\$ 3,103,926	\$ -	\$ -	\$ 3,103,926	\$ 1,956,363
Payroll liabilities	78,232	-	-	78,232	64,139
Accrued expenses, post-petition	5,716	-	-	5,716	5,716
Accrued interest payable, post-petition	9,803	7,575	-	17,378	17,378
Accrued lease expense, post-petition	950,763	85,000	(1,035,763)	-	-
Current portion of long-term debt	782,000	386,000	-	1,168,000	1,160,000
Total current liabilities	<u>4,930,440</u>	<u>478,575</u>	<u>(1,035,763)</u>	<u>4,373,252</u>	<u>3,203,596</u>
Long-term liabilities					
Real estate loans, net of unamortized debt issuance costs and current portion, pre-petition	0	14,980,273	-	14,980,273	15,011,447
Hedging loans, pre-petition	1,753,413	-	-	1,753,413	1,753,413
Line of credit- feed, net of current portion, pre-petition	3,967,799	-	-	3,967,799	3,499,355
Line of credit-cow, net of current portion, pre-petition	8,467,792	-	-	8,467,792	8,501,348
Pre-petition payables	4,122,953	-	-	4,122,953	4,233,867
Total long-term liabilities	<u>18,311,957</u>	<u>14,980,273</u>	<u>-</u>	<u>33,292,230</u>	<u>32,999,430</u>
Total liabilities	<u>23,242,397</u>	<u>15,458,848</u>	<u>(1,035,763)</u>	<u>37,665,482</u>	<u>36,203,026</u>
Members' equity and owners' deficit					
Members' equity	4,108,824	-	-	4,108,824	4,831,991
Owners' deficit	-	(7,896,410)	-	(7,896,410)	(7,894,059)
Total members' equity and owners' deficit	<u>4,108,824</u>	<u>(7,896,410)</u>	<u>-</u>	<u>(3,787,586)</u>	<u>(3,062,068)</u>
Total liabilities and members' equity and owners' deficit	<u>\$ 27,351,221</u>	<u>\$ 7,562,438</u>	<u>\$ (1,035,763)</u>	<u>\$ 33,877,896</u>	<u>\$ 33,140,958</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)
Combining Statements of Operations
For the month ended August 31, 2022

	Mensonides Dairy LLC	Rental Real Estate	Eliminations	Combined Total	Per CWT of Milk
Income					
Milk sales	\$ 2,568,649	\$ -	\$ -	\$ 2,568,649	24.68
Less: deductions	<u>(141,652)</u>	<u>-</u>	<u>-</u>	<u>(141,652)</u>	<u>(1.36)</u>
Net milk sales	2,426,997	-	-	2,426,997	23.32
 Calf sales	 37,143	 -	 -	 37,143	 0.36
Other dairy income	263	-	-	263	-
Dairy lease income	<u>-</u>	<u>85,000</u>	<u>(85,000)</u>	<u>-</u>	<u>-</u>
Total income	<u>2,464,403</u>	<u>85,000</u>	<u>(85,000)</u>	<u>2,464,403</u>	<u>23.68</u>
Operating expenses					
Feeding expenses					
Cow feeding	1,497,303	-	-	1,497,303	14.39
Calf feeding	139,732	-	-	139,732	1.34
Wages and payroll taxes	362,226	-	-	362,226	3.48
Utilities, fuel, and oil	75,005	-	-	75,005	0.72
Vet supplies and breeding	241,987	-	-	241,987	2.33
Repair and maintenance	147,332	-	-	147,332	1.42
Other depreciation	49,074	31,525	-	80,599	0.77
Supplies	25,654	-	-	25,654	0.25
Farming	24,780	-	-	24,780	0.24
Property tax	11,197	-	-	11,197	0.11
Insurance	10,172	-	-	10,172	0.10
Depreciation - dairy cows	97,662	-	-	97,662	0.94
Professional fees	116,302	-	-	116,302	1.12
Office expense	410	-	-	410	-
Lease expense	85,000	-	(85,000)	-	-
Less: inventoried costs					
Heifers and steers	217,700	-	-	217,700	2.09
Farm crops	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>3,101,536</u>	<u>31,525</u>	<u>(85,000)</u>	<u>3,048,061</u>	<u>29.29</u>
 Net operating income (loss)	 <u>(637,133)</u>	 <u>53,475</u>	 <u>-</u>	 <u>(583,658)</u>	 <u>(5.61)</u>
Other income (expenses)					
Interest expense	(65,888)	(55,826)	-	(121,714)	(1.17)
Gain on sale of dairy animals	<u>(20,150)</u>	<u>-</u>	<u>-</u>	<u>(20,150)</u>	<u>(0.19)</u>
Total other expenses	<u>(86,038)</u>	<u>(55,826)</u>	<u>-</u>	<u>(141,864)</u>	<u>(1.36)</u>
 Net loss	 <u>\$ (723,171)</u>	 <u>\$ (2,351)</u>	 <u>\$ -</u>	 <u>\$ (725,522)</u>	 <u>(6.97)</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)
Combining Statements of Operations
For the eight months ended August 31, 2022

	Mensonides Dairy LLC	Rental Real Estate	Eliminations	Combined Total	Per CWT of Milk
Income					
Milk sales	\$ 22,672,534	\$ -	\$ -	\$ 22,672,534	25.54
Less: deductions	(1,253,369)	-	-	(1,253,369)	(1.41)
Net milk sales	21,419,165	-	-	21,419,165	24.13
Calf sales	62,852	-	-	62,852	0.07
Other dairy income	235,281	-	-	235,281	0.27
Dairy lease income	-	658,043	(658,043)	-	-
Total income	21,717,298	658,043	(658,043)	21,717,298	24.46
Operating expenses					
Feeding expenses					
Cow feeding	14,037,480	-	-	14,037,480	15.81
Calf feeding	1,757,095	-	-	1,757,095	1.98
Wages and payroll taxes	2,476,329	-	-	2,476,329	2.79
Utilities, fuel, and oil	629,242	-	-	629,242	0.71
Vet supplies and breeding	734,677	-	-	734,677	0.83
Repair and maintenance	806,993	-	-	806,993	0.91
Other depreciation	401,983	252,198	-	654,181	0.74
Supplies	166,199	-	-	166,199	0.19
Farming	126,885	-	-	126,885	0.14
Property tax	81,740	-	-	81,740	0.09
Insurance	65,833	-	-	65,833	0.07
Depreciation - dairy cows	783,144	-	-	783,144	0.88
Professional fees	407,719	-	-	407,719	0.46
Office expense	8,353	-	-	8,353	0.01
Lease expense	658,043	-	(658,043)	-	0.00
Less: inventoried costs					
Heifers and steers	(2,346,400)	-	-	(2,346,400)	(2.64)
Farm crops	(178,445)	-	-	(178,445)	(0.20)
Total operating expenses	20,616,870	252,198	(658,043)	20,211,025	22.77
Net operating income (loss)	1,100,428	405,845	-	1,506,273	1.70
Other expenses					
Interest expense	(500,248)	(422,378)	-	(922,626)	(1.04)
Loss on sale of dairy animals	(544,418)	-	-	(544,418)	(0.61)
Bankruptcy expenses	(142,962)	-	-	(142,962)	(0.16)
Total other expenses	(1,187,628)	(422,378)	-	(1,610,006)	(1.81)
Net income (loss)	<u>\$ (87,200)</u>	<u>\$ (16,533)</u>	<u>\$ -</u>	<u>\$ (103,733)</u>	<u>(0.12)</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)
Combining Statements of Members' Equity and Owners' Deficit
For the eight months ended August 31, 2022

	<u>Mensonides Dairy, LLC</u>	<u>Rental Real Estate</u>	<u>Combined Total</u>
Balance, December 31, 2021	\$ 4,252,024	\$ (7,879,877)	\$ (3,627,853)
Net income (loss)	(87,200)	(16,533)	(103,733)
Distributions to members/owners	(56,000)	-	(56,000)
Balance, August 31, 2022	<u>\$ 4,108,824</u>	<u>\$ (7,896,410)</u>	<u>\$ (3,787,586)</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combined Financial Statements and
Accountant's Compilation Report
November 30, 2022 and October 31, 2022



**Mensonides Dairy, LLC and
Art and Teresa Mensonides (Rental Real Estate)
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ACCOUNTANT'S COMPILATION REPORT

To Management and
Those Charged with Governance
Mensonides Dairy, LLC
c/o Matt McKinlay, Plan Agent
Mabton, Washington

Management is responsible for the accompanying combined financial statements of Mensonides Dairy, LLC (a partnership) and Art and Teresa Mensonides (rental real estate) (together, the Dairy), which comprise the combined balance sheets as of November 30, 2022 and October 31, 2022, and the related combined statements of operations, members' equity and owners' deficit, and cash flows for the one-month and eleven-month periods ended November 30, 2022 (the financial statements), in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy, or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by U.S. GAAP. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Dairy's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagements. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Generally Accepted Accounting Principles Departure

Management has informed us that certain ongoing farming operations of the Dairy are presented in the statement of operations under the caption "Other income (expenses)" on a net basis and that, if U.S. GAAP has been followed, revenues and expenses would have increased.

Going Concern

Certain conditions indicate that the Dairy may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments to the financial statements that might be necessary should the Dairy be unable to continue as a going concern.

This report is intended solely for the information and use of Northwest Farm Credit Services, CoBank, the members, owners, and management, and is not intended to be, and should not be used by anyone other than these specified parties.

Petersen CPAs & Advisors, PLLC

December 23, 2022

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combined Balance Sheets

	October 31, 2022	Net Change	November 30, 2022
Assets			
Current assets			
Cash, post-petition accounts	\$ 562,005	\$ (212,512)	\$ 349,493
Accounts receivable	2,469,186	214,138	2,683,324
Other current assets	673,447	(44,695)	628,752
Rent receivable	-	-	-
Inventories			
Feed inventories	1,921,333	1,059,044	2,980,377
Supplies	36,855	1,003	37,858
Growing crop inventory	173,399	(173,399)	-
Total current assets	<u>5,836,225</u>	<u>843,579</u>	<u>6,679,804</u>
Dairy herd			
Dairy cows			
Cost	7,913,901	(267,400)	7,646,501
Less: accumulated depreciation	<u>(1,731,337)</u>	<u>463,042</u>	<u>(1,268,295)</u>
Dairy cows, net of depreciation	6,182,564	195,642	6,378,206
Heifers	<u>3,396,400</u>	<u>(480,900)</u>	<u>2,915,500</u>
Total dairy herd, net of depreciation	<u>9,578,964</u>	<u>(285,258)</u>	<u>9,293,706</u>
Property, plant, and equipment			
Land	1,990,587	-	1,990,587
Buildings and improvements	15,475,442	-	15,475,442
Equipment	<u>13,835,957</u>	<u>-</u>	<u>13,835,957</u>
Total property, plant, and equipment	31,301,986	-	31,301,986
Less: accumulated depreciation	<u>(19,961,981)</u>	<u>(80,888)</u>	<u>(20,042,869)</u>
Net property, plant, and equipment	<u>11,340,005</u>	<u>(80,888)</u>	<u>11,259,117</u>
Other assets			
Investments in cooperatives	<u>7,529,248</u>	<u>67,719</u>	<u>7,596,967</u>
Total assets	<u>\$ 34,284,442</u>	<u>\$ 545,152</u>	<u>\$ 34,829,594</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combined Balance Sheets

	October 31, 2022	Net Change	November 30, 2022
Liabilities and Equity			
Current liabilities			
Accounts payable, post-petition	\$ 4,574,787	\$ (292,450)	\$ 4,282,337
Payroll liabilities	30,966	-	30,966
Accrued expenses, post-petition	5,716	-	5,716
Accrued interest payable, post-petition	17,378	-	17,378
Accrued lease expense, post-petition	-	-	-
Current portion of long-term debt	1,188,000	14,000	1,202,000
Total current liabilities	<u>5,816,847</u>	<u>(278,450)</u>	<u>5,538,397</u>
Long-term liabilities			
Real estate loans, net of unamortized debt issuance costs and current portion, pre-petition	14,917,924	(31,175)	14,886,749
Hedging loans, pre-petition	1,753,413	-	1,753,413
Line of credit- feed, net of current portion, pre-petition	3,904,688	(31,556)	3,873,132
Line of credit-cow, net of current portion, pre-petition	8,396,680	(39,555)	8,357,125
Pre-petition payables	4,122,953	-	4,122,953
Total long-term liabilities	<u>33,095,658</u>	<u>(102,286)</u>	<u>32,993,372</u>
Total liabilities	<u>38,912,505</u>	<u>(380,736)</u>	<u>38,531,769</u>
Members' equity and owners' deficit			
Members' equity	3,273,047	928,238	4,201,285
Owners' deficit	<u>(7,901,110)</u>	<u>(2,350)</u>	<u>(7,903,460)</u>
Total members' equity and owners' deficit	<u>(4,628,063)</u>	<u>925,888</u>	<u>(3,702,175)</u>
Total liabilities and members' equity and owners' deficit	<u>\$ 34,284,442</u>	<u>\$ 545,152</u>	<u>\$ 34,829,594</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combined Statements of Operations

	1 Month Ended November 30, 2022	Per CWT of milk	11 Months Ended November 30, 2022	Per CWT of milk
Income				
Milk sales	\$ 2,736,737	24.38	\$ 31,203,186	25.35
Less: deductions	<u>(164,522)</u>	<u>(1.47)</u>	<u>(1,754,116)</u>	<u>(1.43)</u>
Net milk sales	2,572,215	22.92	29,449,070	23.92
 Calf sales	 -	 -	 135,482	 0.11
Other dairy income	<u>27,175</u>	<u>0.24</u>	<u>276,231</u>	<u>0.22</u>
Total income	<u>2,599,390</u>	<u>23.16</u>	<u>29,860,783</u>	<u>-</u>
 Operating expenses				
Feeding expenses				
Cow feeding	1,715,132	15.28	19,748,978	16.04
Calf feeding	25,825	0.23	1,834,594	1.49
Wages and payroll taxes	243,580	2.17	3,172,035	2.58
Utilities, fuel, and oil	70,861	0.63	840,695	0.68
Vet supplies and breeding	168,044	1.50	1,137,401	0.92
Repair and maintenance	200,640	1.79	1,307,465	1.06
Other depreciation	80,888	0.72	896,742	0.73
Supplies	95,375	0.85	577,723	0.47
Farming	7,929	0.07	279,368	0.23
Property tax	-	-	101,880	0.08
Insurance	15,479	0.14	163,538	0.13
Depreciation - dairy cows	93,195	0.83	1,068,279	0.87
Professional fees	244,187	2.18	1,013,795	0.82
Office expense	11,864	0.11	73,217	0.06
Less: inventoried costs				
Heifers and steers	(577,500)	(5.14)	(3,570,700)	(2.90)
Farm crops	<u>-</u>	<u>-</u>	<u>(320,746)</u>	<u>(0.26)</u>
Total operating expenses	<u>2,395,499</u>	<u>21.34</u>	<u>28,324,264</u>	<u>23.01</u>
 Net operating income (loss)	<u>203,891</u>	<u>1.82</u>	<u>1,536,519</u>	<u>1.25</u>
 Other income (expenses)				
Interest expense	(121,714)	(1.08)	(1,287,767)	(1.05)
Gain (loss) on sale of dairy animals	151,297	1.35	(816,525)	(0.66)
Unrealized gain on feed	692,413	6.43	692,413	0.56
Bankruptcy expenses	<u>-</u>	<u>-</u>	<u>(142,962)</u>	<u>(0.12)</u>
Total other income (expenses)	<u>721,996</u>	<u>6.43</u>	<u>(1,554,841)</u>	<u>(1.26)</u>
 Net income (loss)	<u>\$ 925,887</u>	<u>8.25</u>	<u>\$ (18,322)</u>	<u>(0.01)</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)
Combined Statements of Members' Equity and Owners' Deficit
For the eleven months ended November 30, 2022

	<u>Total members' equity and owners' deficit</u>
Balance, December 31, 2021	\$ (3,627,853)
Net income	(18,322)
Distributions to members/owners	<u>(56,000)</u>
Balance, November 30, 2022	<u><u>\$ (3,702,175)</u></u>

Mensonides Dairy, LLC

Combined Statements of Cash Flows

	1 Month Ended November 30, 2022	11 Months Ended November 30, 2022
Cash Flows from Operating Activities		
Cash received from milk co-op	\$ 2,290,358	\$ 27,093,897
Other income received	27,175	411,712
Feeding expenses	(2,188,662)	(19,818,004)
Wages and payroll taxes	(220,486)	(3,215,203)
Interest paid	(139,092)	(1,287,767)
Other expenses paid	(236,879)	(1,936,888)
Net cash flows from operating activities	<u>(467,586)</u>	<u>1,247,747</u>
Cash Flows from Investing Activities		
Net changes to dairy herd	(577,500)	(4,651,237)
Purchase of equipment	-	(39,873)
Proceeds from sales of dairy cows	920,860	3,902,062
Net cash flows from investing activities	<u>343,360</u>	<u>(789,048)</u>
Cash Flows from Financing Activities		
Principal payments on long-term debt	(88,286)	(1,084,354)
Borrowings on long-term debt	-	500,000
Change in pre-petition and hedging accounts	-	(118,439)
Distributions to members and owners	-	(56,000)
Net cash flows from financing activities	<u>(88,286)</u>	<u>(758,793)</u>
Net (Decrease) Increase in Cash	<u>(212,512)</u>	<u>(300,094)</u>
Cash, Beginning of Period	<u>562,005</u>	<u>649,587</u>
Cash, End of Period	<u><u>\$ 349,493</u></u>	<u><u>\$ 349,493</u></u>
Reconciliation of income to net cash flows from operating activities		
Net income (loss)	\$ 925,887	\$ (18,322)
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation - property, plant, and equipment	80,888	896,742
Depreciation - dairy cows	93,195	1,068,279
(Gain) loss on sale of dairy animals	(151,297)	816,525
Unrealized gain on feed	(692,413)	(692,413)
Pre-petition accounts and hedging account written off	-	202,199
Milk sales income held as co-operative retainage	(67,719)	(750,559)
Change in assets and liabilities:		
Accounts receivable	(214,138)	(1,604,614)
Other current assets	44,695	(190,291)
Inventories	(194,234)	(1,260,811)
Accounts payable and accrued expenses	(292,450)	2,781,012
Total adjustments	<u>(1,393,473)</u>	<u>1,266,069</u>
Net cash flows from operating activities	<u><u>\$ (467,586)</u></u>	<u><u>\$ 1,247,747</u></u>

SUPPLEMENTARY INFORMATION

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combining Balance Sheets

November 30, 2022, with comparative combined totals for October 31, 2022

	Mensonides Dairy, LLC	Rental Real Estate	Eliminations	Combined Total	October 31, 2022 Combined Total
Assets					
Current assets					
Cash, post-petition accounts	\$ 349,493	\$ -	\$ -	\$ 349,493	\$ 562,005
Accounts receivable	2,683,324	-	-	2,683,324	2,469,186
Other current assets	543,752	85,000	-	628,752	673,447
Rent receivable	85,000	950,763	(1,035,763)	-	-
Inventories					
Feed inventories	2,980,377	-	-	2,980,377	1,921,333
Supplies	37,858	-	-	37,858	36,855
Growing crop inventory	0	-	-	-	173,399
Total current assets	<u>6,679,804</u>	<u>1,035,763</u>	<u>(1,035,763)</u>	<u>6,679,804</u>	<u>5,836,225</u>
Dairy herd					
Dairy cows					
Cost	7,646,501	-	-	7,646,501	7,913,901
Less: accumulated depreciation	<u>(1,268,295)</u>	<u>-</u>	<u>-</u>	<u>(1,268,295)</u>	<u>(1,731,337)</u>
Dairy cows, net of depreciation	6,378,206	-	-	6,378,206	6,182,564
Heifers	2,915,500	-	-	2,915,500	3,396,400
Total dairy herd, net of depreciation	<u>9,293,706</u>	<u>-</u>	<u>-</u>	<u>9,293,706</u>	<u>9,578,964</u>
Property, plant, and equipment					
Land	-	1,990,587	-	1,990,587	1,990,587
Buildings and improvements	4,808,649	10,666,793	-	15,475,442	15,475,442
Equipment	<u>11,182,499</u>	<u>2,653,458</u>	<u>-</u>	<u>13,835,957</u>	<u>13,835,957</u>
Total property, plant, and equipment	15,991,148	15,310,838	-	31,301,986	31,301,986
Less: accumulated depreciation	<u>(11,164,132)</u>	<u>(8,878,737)</u>	<u>-</u>	<u>(20,042,869)</u>	<u>(19,961,981)</u>
Net property, plant, and equipment	<u>4,827,016</u>	<u>6,432,101</u>	<u>-</u>	<u>11,259,117</u>	<u>11,340,005</u>
Other assets					
Investments in cooperatives	<u>7,596,967</u>	<u>-</u>	<u>-</u>	<u>7,596,967</u>	<u>7,529,248</u>
Total assets	<u>\$ 28,397,493</u>	<u>\$ 7,467,864</u>	<u>\$ (1,035,763)</u>	<u>\$ 34,829,594</u>	<u>\$ 34,284,442</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)

Combining Balance Sheets

November 30, 2022, with comparative combined totals for October 31, 2022

	Mensonides Dairy, LLC	Rental Real Estate	Eliminations	Combined Total	October 31, 2022 Combined Total
Liabilities and Equity					
Current liabilities					
Accounts payable, post-petition	\$ 4,282,337	\$ -	\$ -	\$ 4,282,337	\$ 4,574,787
Payroll liabilities	30,966	-	-	30,966	30,966
Accrued expenses, post-petition	5,716	-	-	5,716	5,716
Accrued interest payable, post-petition	9,803	7,575	-	17,378	17,378
Accrued lease expense, post-petition	950,763	85,000	(1,035,763)	-	-
Current portion of long-term debt	810,000	392,000	-	1,202,000	1,188,000
Total current liabilities	<u>6,089,585</u>	<u>484,575</u>	<u>(1,035,763)</u>	<u>5,538,397</u>	<u>5,816,847</u>
Long-term liabilities					
Real estate loans, net of unamortized debt issuance costs and current portion, pre-petition	-	14,886,749	-	14,886,749	14,917,924
Hedging loans, pre-petition	1,753,413	-	-	1,753,413	1,753,413
Line of credit- feed, net of current portion, pre-petition	3,873,132	-	-	3,873,132	3,904,688
Line of credit-cow, net of current portion, pre-petition	8,357,125	-	-	8,357,125	8,396,680
Pre-petition payables	4,122,953	-	-	4,122,953	4,122,953
Total long-term liabilities	<u>18,106,623</u>	<u>14,886,749</u>	<u>-</u>	<u>32,993,372</u>	<u>33,095,658</u>
Total liabilities	<u>24,196,208</u>	<u>15,371,324</u>	<u>(1,035,763)</u>	<u>38,531,769</u>	<u>38,912,505</u>
Members' equity and owners' deficit					
Members' equity	4,201,285	-	-	4,201,285	3,273,047
Owners' deficit	-	(7,903,460)	-	(7,903,460)	(7,901,110)
Total members' equity and owners' deficit	<u>4,201,285</u>	<u>(7,903,460)</u>	<u>-</u>	<u>(3,702,175)</u>	<u>(4,628,063)</u>
Total liabilities and members' equity and owners' deficit	<u>\$ 28,397,493</u>	<u>\$ 7,467,864</u>	<u>\$ (1,035,763)</u>	<u>\$ 34,829,594</u>	<u>\$ 34,284,442</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)
Combining Statements of Operations
For the month ended November 30, 2022

	Mensonides Dairy LLC	Rental Real Estate	Eliminations	Combined Total	Per CWT of Milk
Income					
Milk sales	\$ 2,736,737	\$ -	\$ -	\$ 2,736,737	24.38
Less: deductions	<u>(164,522)</u>	<u>-</u>	<u>-</u>	<u>(164,522)</u>	<u>(1.47)</u>
Net milk sales	2,572,215	-	-	2,572,215	22.92
 Calf sales	-	-	-	-	-
Other dairy income	27,175	-	-	27,175	0.24
Dairy lease income	<u>-</u>	<u>85,000</u>	<u>(85,000)</u>	<u>-</u>	<u>-</u>
Total income	<u>2,599,390</u>	<u>85,000</u>	<u>(85,000)</u>	<u>2,599,390</u>	<u>23.16</u>
Operating expenses					
Feeding expenses					
Cow feeding	1,715,132	-	-	1,715,132	15.28
Calf feeding	25,825	-	-	25,825	0.23
Wages and payroll taxes	243,580	-	-	243,580	2.17
Utilities, fuel, and oil	70,861	-	-	70,861	0.63
Vet supplies and breeding	168,044	-	-	168,044	1.50
Repair and maintenance	200,640	-	-	200,640	1.79
Other depreciation	49,363	31,525	-	80,888	0.72
Supplies	95,375	-	-	95,375	0.85
Farming	7,929	-	-	7,929	0.07
Property tax	-	-	-	-	-
Insurance	15,479	-	-	15,479	0.14
Depreciation - dairy cows	93,195	-	-	93,195	0.83
Professional fees	244,187	-	-	244,187	2.18
Office expense	11,864	-	-	11,864	0.11
Lease expense	85,000	-	(85,000)	-	-
Less: inventoried costs					
Heifers and steers	(577,500)	-	-	(577,500)	(5.14)
Farm crops	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>2,448,974</u>	<u>31,525</u>	<u>(85,000)</u>	<u>2,395,499</u>	<u>21.34</u>
Net operating income (loss)	<u>150,416</u>	<u>53,475</u>	<u>-</u>	<u>203,891</u>	<u>1.82</u>
Other income (expenses)					
Interest expense	(65,888)	(55,826)	-	(121,714)	(1.08)
Gain on sale of dairy animals	151,297	-	-	151,297	1.35
Unrealized gain on feed	<u>692,413</u>	<u>-</u>	<u>-</u>	<u>692,413</u>	<u>6.17</u>
Total other income (expenses)	<u>777,822</u>	<u>(55,826)</u>	<u>-</u>	<u>721,996</u>	<u>6.43</u>
Net income (loss)	<u>\$ 928,238</u>	<u>\$ (2,351)</u>	<u>\$ -</u>	<u>\$ 925,887</u>	<u>8.25</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)
Combining Statements of Operations
For the eleven months ended November 30, 2022

	Mensonides Dairy LLC	Rental Real Estate	Eliminations	Combined Total	Per CWT of Milk
Income					
Milk sales	\$ 31,203,186	\$ -	\$ -	\$ 31,203,186	25.35
Less: deductions	(1,754,116)	-	-	(1,754,116)	(1.43)
Net milk sales	29,449,070	-	-	29,449,070	23.92
Calf sales	135,482	-	-	135,482	0.11
Other dairy income	276,231	-	-	276,231	0.22
Dairy lease income	-	913,043	(913,043)	-	-
Total income	29,860,783	913,043	(913,043)	29,860,783	24.26
Operating expenses					
Feeding expenses					
Cow feeding	19,748,978	-	-	19,748,978	16.04
Calf feeding	1,834,594	-	-	1,834,594	1.49
Wages and payroll taxes	3,172,035	-	-	3,172,035	2.58
Utilities, fuel, and oil	840,695	-	-	840,695	0.68
Vet supplies and breeding	1,137,401	-	-	1,137,401	0.92
Repair and maintenance	1,307,465	-	-	1,307,465	1.06
Other depreciation	549,970	346,772	-	896,742	0.73
Supplies	577,723	-	-	577,723	0.47
Farming	279,368	-	-	279,368	0.23
Property tax	101,880	-	-	101,880	0.08
Insurance	163,538	-	-	163,538	0.13
Depreciation - dairy cows	1,068,279	-	-	1,068,279	0.87
Professional fees	1,013,795	-	-	1,013,795	0.82
Office expense	73,217	-	-	73,217	0.06
Lease expense	913,043	-	(913,043)	-	0.00
Less: inventoried costs					
Heifers and steers	(3,570,700)	-	-	(3,570,700)	(2.90)
Farm crops	(320,746)	-	-	(320,746)	(0.26)
Total operating expenses	28,890,535	346,772	(913,043)	28,324,264	23.01
Net operating income (loss)	970,248	566,271	-	1,536,519	1.25
Other income (expenses)					
Interest expense	(697,913)	(589,854)	-	(1,287,767)	(1.05)
Loss on sale of dairy animals	(816,525)	-	-	(816,525)	(0.66)
Unrealized gain on feed	692,413	-	-	692,413	0.56
Bankruptcy expenses	(142,962)	-	-	(142,962)	(0.12)
Total other income (expenses)	(964,987)	(589,854)	-	(1,554,841)	(1.26)
Net income (loss)	<u>\$ 5,261</u>	<u>\$ (23,583)</u>	<u>\$ -</u>	<u>\$ (18,322)</u>	<u>(0.01)</u>

Mensonides Dairy, LLC and Art and Teresa Mensonides (Rental Real Estate)
Combining Statements of Members' Equity and Owners' Deficit
For the eleven months ended November 30, 2022

	<u>Mensonides Dairy, LLC</u>	<u>Rental Real Estate</u>	<u>Combined Total</u>
Balance, December 31, 2021	\$ 4,252,024	\$ (7,879,877)	\$ (3,627,853)
Net income (loss)	5,261	(23,583)	(18,322)
Distributions to members/owners	<u>(56,000)</u>	<u>-</u>	<u>(56,000)</u>
Balance, November 30, 2022	<u>\$ 4,201,285</u>	<u>\$ (7,903,460)</u>	<u>\$ (3,702,175)</u>

Mensonides Dairy, LLC

Cash Receipts and Disbursements
October 1 through December 31, 2022

	Actual Oct-22	Actual Nov-22	Actual Dec-22	Comments	Actual Jan-23
Beginning Cash Balance	\$ 1,229,730	\$ 1,515,424	\$ 102,608		\$ 1,219,798
<i>Plus Receipts</i>					
				Oct includes Oct 20 and Nov 1 milk advance, Nov includes only Nov 20 advance, Dec includes Dec 1, Dec 20 and Jan 1, 2023 milk checks.	
Gross Milk Sale Receipts	2,636,029	1,546,262	3,413,266		2,198,835
Less Deductions	-	-	-		-
Less Coop retains	-	-	-		-
Calf Sales	-	-	-		-
Cull Sale Proceeds - Milking Herd	-	-	-		-
Cull Sale Proceeds - Replacement Herd	-	-	-		-
Cull Sale Proceeds - Calf DM	-	-	-		-
Livestock Sale Proceeds	208,707	771,037	513,638		655,393
Cull Sale Proceeds (ongoing)	-	-	-		-
Other Dairy Income	2,671	-	250		24,460
Other Asset Sale Proceeds	-	-	25,036		-
Emergency Feed	-	-	-		-
Protective Advance	563,026	-	-		210,000
Fraudulent Transfer Recoveries	-	148,150	-		-
Contingency	-	-	-		-
Total Receipts	\$ 3,410,432	\$ 2,465,448	\$ 3,952,190		\$ 3,088,688
<i>Less Disbursements</i>					
Feed Costs	2,085,520	2,594,263	1,945,611		2,182,844
Feed Cost Deposit	-	-	-		-
				December includes three pay-periods.	
Wages & Payroll Deductions	95,059	182,446	269,245		177,397
Third-party Feed Expense	-	-	-		-
Other Monthly/Qtr Payroll Costs	118,130	54,996	67,771		83,650
Management Fee	-	35,578	15,000		23,630
Retention Incentive - Non-Mensonides	-	-	-		-
Utilities, Fuel and Oil	37,418	100,085	35,618		96,200
Repairs & Maintenance	58,310	193,910	81,960		140,421
Vet Supplies and Breeding	73,796	85,439	106,003		68,436
Calf Sale Fee	-	-	-		-
Legal Expenses	47,529	-	70,318		51,596
Plan Agent Expense	119,537	33,521	11,031		43,643
Accounting	-	5,803	-		-
Other Professional Fees / Sale Costs	-	-	19,080		-
Supplies	4,866	25,649	72,351		75,675
Farming Costs	22,050	123,430	50,750		144,354
Insurance	-	10,312	10,172		-
Property Taxes	54,805	-	-		-
				Includes the cost to haul liquid manure	
Freight Costs	51,631	158,564	63,124		9,530
Office Expenses	9,229	240	256		5,471
DIVVY Cards	-	-	5,000		-
Interest Expense	125,000	125,000	-		-
US Trustee Fees	-	64,027	-		-
Principal Payments	85,000	85,000	-		-
Distributions to Creditors	-	-	-		-
Other	-	-	-		-
Transfers	110,000	-	-		50,000
Float Reserve	-	-	-		-
Capex	26,858	-	11,712		-
TOTAL Disbursements	\$ 3,124,738	\$ 3,878,264	\$ 2,835,000		\$ 3,152,846
Net Change in Cash	\$ 285,694	\$ (1,412,815)	\$ 1,117,190		\$ (64,158)
Ending Cash Balance	\$ 1,515,424	\$ 102,608	\$ 1,219,798		\$ 1,155,640
Accounts Payable Balance (end of Month)	\$ 3,422,244	\$ 3,692,256.00	3,749,586		
Change in Working Capital	\$ 1,434,163	\$ (270,011.62)	\$ (57,330.29)		
Adjusted Change in Cash	\$ (1,148,469)	\$ (1,142,804)	\$ 1,174,520		\$ (1,116,752)

Exhibit E

1 CERTIFICATE OF SERVICE

2 I, Janine E. Hume declare as follows:

3 I am employed in the County of Multnomah, state of Oregon; I am over the
4 age of eighteen years and am not a party to this action; my business address is 1000
5 S.W. Broadway, Suite 1400, Portland, Oregon 97205-3089, in said county and state.

6 I certify that on February 3, 2023, I served, **via first class mail**, a full and
7 correct copy of the foregoing **SUPPLEMENTAL DECLARATION OF**
8 **MATTHEW MCKINLAY IN SUPPORT OF (A) MOTION TO SELL**
9 **DAIRY'S REAL PROPERTY BY AUCTION AND CERTAIN RELATED**
10 **RELIEF AND (B) MOTION TO SELL DAIRY EQUIPMENT AND**
11 **VEHICLES BY AUCTION**, to the parties of record, addressed as follows and on
12 parties on the list attached hereto:

13 James L. Carman
14 1116 11th Street
Benton City, WA 99320

15 Jennifer A. Carman
16 1116 11th Street
Benton City, WA 99320

17 Danny R. Hicks
18 4441 Becker Rd.
Toppenish, WA 98948

19 Angie Lee
20 Office of the Attorney General
800 Fifth Ave., Suite 2000
21 Seattle, WA 98104

22 I also certify that on February 3, 2023, I served the above-referenced
23 document(s) on all ECF participants as indicated on the Court's Cm/ECF system.
24
25
26

1
2 I swear under penalty of perjury that the foregoing is true and correct to the
3 best of my knowledge, information, and belief.

4 Dated: February 3, 2023.

5
6 /s/ Janine E. Hume
7 Janine E. Hume, Legal Assistant
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**Mensonides Dairy LLC
Service List**

Vendor	Address 1	Address 2	City	State	Zip	
A-L Compressed Gases, INC	4230 East Trent Ave		Spokane	WA	99202	
AAAI PARTNERS	PO Box 643		Osage Beach	MO	65065	
ABC Fire Control, Inc.	1113 N. 6th Ave.		Yakima	WA	98902	
ABS Global, INC	Box 22144 Network Place		Chicago	IL	60673-1221	
Ace Hardware	615 Yakima Highway		Sunnyside	WA	98944	
ADM	PO Box 92572		Chicago	IL	60675-2572	
Ag Health Laboratories, Inc.	600 S. 6th Street, Suite A		Sunnyside	WA	98944	
AG3 Sourcing	PO Box 565		Hamburg	NY	14075	
Agri-Service	PO Box 285		Twin Falls	ID	83303-0285	
AHV USA INC	7940 Lander Avenue Suite 3		Hilmar	CA	95324	
Alegria & Company, PS	210 Chardonnay Avenue Suite D		Prosser	WA	99350	
AMB Tool & Equipment	1729 S 1st St		Yakima	WA	98901	
American Radiator	204 No. Oregon Ave.		Pasco	WA	99301	
APEX LLC	P.O. Box 565		Hamburg	NY	14075	David P. Gardner - ECF
Applied Industrial Technologies	909 N. Front St		Yakima	WA	98901	
Aramark	AUS West Lockbox	P. O. Box 101179	Pasadena	CA	91189-0005	
Auto Zone	PO Box 116067		Atlanta	GA	30368	
Bailey & Busey PLLC	411 North Second Street		Yakima	WA	98901	
Benton Rural Electric	P.O. Box 1150		Prosser	WA	99350	
BJK Truck Parts	80862 Hwy 395 N		Hermiston	OR	97838	
Bleyhl Farm Service Inc.	940 E. Wine Country Rd.		Grandview	WA	98930	
Blue Mountain Hay LLC	P.O. Box 140		Milton-Freewater	OR	97862	Michael E. Gossler - ECF
Blueline Equipment Comp	1605 E Mead Ave		Yakima	WA	98903	
Bodine Consulting Services, LLC	173810 W Byron Road		Prosser	WA	99350	
Bonzi's	633 Yakima Valley Hwy		Sunnyside	WA	98944	
Bovine Veterinary Services, LLC	445 Barnard Blvd.		Sunnyside	WA	98944	
Bureau Indian Affairs	13922 Denver West Parkway	Bldg. 54, Suite 300	Lakewood	CO	80401	
C & J Trucking LLC	PO Box 867		Umatilla	OR	97882	
Calaway Company, Inc.	10190 Glade North Road		Pasco	WA	99301	William L. Hames - ECF
Capital Insurance Group	PO Box 2093		Monterey	CA	93942	
Central Lube Northwest	PO Box 678		Outlook	WA	98938	
Central Machinery Sales, Inc.	P.O. Box 2838	1810 E. James Street	Pasco	WA	99302	
CenturyLink	PO Box 2961		Phoenix	AZ	85062-2961	
Christensen, INC	1060 Jadwin Avenue		Richland	WA	99352	
CI Information Management	PO Box 7346		Kennewick	WA	99336	
Cliff's Septic Tank	P.O Box 546		Sunnyside	WA	98944	
CO-Energy	1025 N. 6th Ave	P.O. Box 70	Yakima	WA	98907	
Coastline Equipment	2000 East Overland Road		Meridian	ID	83642	
Columbia Basin Veterinary Services, PLLC	445 Barnard Blvd		Sunnyside	WA	98944	
Commercial Tire	PO Box 970		Meridian	ID	83680	
D & L Chain, Inc.	11022 Rainwater Lane S.E.		Aumsville	OR	97325	
Dairy Vet Management	Scott Abbott D.V.M	PO Box 704	Sunnyside	WA	98944	
Daritech Inc.	8540 Benson Road		Lynden	WA	98264	
Department of Labor & Industries	ATTN: Employment Standards	PO Box 44510	Olympia	WA	98504-4510	
Diesel Tech Machining, INC	PO Box 9935		Yakima	WA	98909	
Dustin Inniger Hoof Trimming LLC	933 S Schaake Rd		Othello	WA	99344	
EPL Feed LLC	PO Box 99		Sumas	WA	98295	
Equipment Blades	27127 Parklane Drive		Sioux Falls	SD	57106	
EZ Weights (Industrial Leasing, Inc)	1525 West 820 North		Provo	UT	84601	
Fast Mobile Service	PO Box 236		Grandview	WA	98930	
Fastenal Company	P.O. Box 1286		Winona	MN	55987-1286	
First Insurance Funding	PO Box 7000		Carol Stream	IL	60197-7000	
Foster Swift	313 S. Washington Square		Lansing	MI	48933	
FSI Fabrication, Inc.	P.O. Box 838		Sunnyside	WA	98944	
Gary Frederickson Ent., INC	PO Box 109		Boardman	OR	97818	
Gavilon Ingredients, LLC	PO Box 100974		Pasadena	CA	91189-0974	
Gavin Veterinary Services PLLC	500 University Parkway A104		Yakima	WA	98944	
Gordon & Rees LLP - Seattle	701 Fifth Avenue Suite 2100		Seattle	WA	98104	
H & H Auto Glass	1500A Yakima Valley Hwy		Sunnyside	WA	98944	
HiTop Service LLC	PO Box 685		Sunnyside	WA	98944	
Husch & Husch Fertilizer & Chemicals	P.O. Box 160		Harrah	WA	98933	
Irrigation Specialists, Inc.	PO Box 94378		Seattle	WA	98124-6678	
J & L Hydraulics	1120 W. Lewis St.		Pasco	WA	99301	
Kaman Fluid Power, LLC	P.O. Box 74007436		Chicago	IL	60674-7436	
Koolima Ag	2642 Rock Ridge Road		Rock Valley	IA	51247	
Lad Irrigation Co.	PO Box 880		Moses Lake	WA	98837	
Les Schwab - Prosser	310 Wine Country Road		Prosser	WA	99350	
Loewen Welding & Mfg. Ltd.	PO Box 66		Station Matsqui	BC	V4X 3R2	
Lower Valley Machine Shop, Inc.	P.O. Box 516		Grandview	WA	98930	
MWI Veterinary Supply (Micro)	14659 Collections Center Drive		Chicago	IL	60693	
NAPA Prosser	1212 Dudley Street		Prosser	WA	99350	
NC Machinery	2100 Terrace Heights		Yakima	WA	98901-2127	
Newhouse Dairy	1910 Murray Rd.		Mabton	WA	98935	
Northland Capital Financial Services, LLC	PO Box 7278		St. Cloud	MN	56302	
Northstar Hotsy	1210 N. Oregon Avenue		Pasco	WA	99301	

**Mensonides Dairy LLC
Service List**

Northwest Automatic Lubrication, Inc.	215 Clay Street NW Unit B-3		Auburn	WA	98001	
Nutrien Ag Solutions		0		0	0	
NW Automatic Lubrication LLC	215 Clay Street NW Unit B3		Auburn	WA	98001	
NW Mixer Feeders	PO Box 326		Caldwell	ID	83606	
Orange Dairy Service	P.O. Box 522		Sunnyside	WA	98944	
Pacific Ag	1000 S Hwy 395 Suite A #506		Hermiston	OR	97838	
Pacific Power	PO Box 26000		Portland	OR	97256-0001	
Pacific Propane NW LLC	790 Hop Road		Toppenish	WA	98948	
Pacific Steel	PO Box 407		Yakima	WA	98907	
Pacific Tradewinds	PO Box 2809		Othello	WA	99344	
Paulson Commodities, LTD	16 Buckingham Terrace		Lake Oswego	OR	97034	
PayneWest Insurance	PO Box 4386		Missoula	MT	59806	
Penny Newman	PO Box 12147		Fresno	CA	93776-2147	
PGT	16 Buckingham Terrace		Lake Oswego	OR	97034	
Picatti Brothers, Inc.	PO Box 9576		Yakima	WA	98909	
Pioneer Commodities, LLC	PO Box 1011		Hermiston	OR	97838	Michael J. Gearin - ECF
Point S Tire & Auto Service	1410 Yakima Valley Highway		Sunnyside	WA	98944	Brian T. Peterson - ECF
Powerscreen of Washington	7915 S. 261st St		Kent	WA	98032	
RDO Equipment Co.	P.O. Box 2445		Pasco	WA	99302-2445	
Rogers Machinery Company, Inc.	P O Box 230429		Portland	OR	97281-0429	
Sackmann Law, PLLC	455 E. Hemlock Street		Othello	WA	99344	
Safeguard Business Systems, Inc.	Attn: Accounting Dept.	P.O. Box 88043	Chicago	IL	60680-1043	
Safety-Kleen Systems, Inc.	PO Box 975201		Dallas	TX	75397-5201	
SageView Veterinary Services PLLC	PO Box 904		Prosser	WA	99350	
Scherer Inc.	46994 Mindy Street		Tea	SD	57064	
Seglar Forage Feeling Solutions, LLC	William J Seglar, DVM	1985 Country Club Blvd,	Clive	IA	50325	
Simplot Grower Solutions	PO Box 431		Prosser	WA	99350	
Simpson Bros. Farms, Inc.	391 Miller Rd.		Mabton	WA	98935	
Soul Craft LLC	774 E. Riverchase Way		Eagle	ID	83616	
South Dakota Soybean Processors	PO Box 500		Volga	SD	57071	
Specialty Sales Ilc	4672 E. Drummond Avenue		Fresno	CA	93725	
Spencer Fluid Power	MS: 631055	PO Box 11047	Tacoma	WA	98411-0047	
Startouch, INC	454 West Stuart Rd		Bellingham	WA	98226	
Stop Claims Corp.	4202 Hoyt Ave Suite B		Everett	WA	98203	
Summit Dairy Health PLLC	445 Barnard Blvd		Sunnyside	WA	98944	
Sunnyside New Holland Inc.	526 Yakima Valley Hwy		Sunnyside	WA	98944	
Sunnyside Valley Irrigation District	P.O. Box 239		Sunnyside	WA	98944-0239	
Susan K. Kuiken	PO Box 911		Sunnyside	WA	98944	
Swift Tool Co.			Swift Tool	CO	0	
Tacoma Screw Products, Inc.	Attn: Accounts Receivable	PO Box 35165	Seattle	WA	98124-5165	
Tallgrass Commodities LLC	PO Box 110		Wamego	KS	66547	
Tarp-It, Inc.	3000 Wilson Creek Rd		Ellensburg	WA	98926	
Taylor Electric	P.O. Box 504		Moxee	WA	98936	
TC3 Computing, INC	PO Box 1725		Zillah	WA	98953	
Terra Gold Farms, Inc.	850 N Broadway Avenue		Othello	WA	99344	
The Cincinnati Insurance Companies	PO Box 145620		Cincinnati	OH	45250-5620	
The Lockshop	1612 E. Edison		Sunnyside	WA	98944	
The Pump House	Panhandle Fluid Process, Inc.	PO Box 1188	Hereford	TX	79045	
Tire Factory	3306 N. Commercial Ave		Pasco	WA	99301	
Tire Factory - Richland	2761 Duportail Street		Richland	WA	99352	
Tolman Electric, Inc.	PO Box 64		Mabton	WA	98935	
Tony Harris Farms Inc.	19271 SR 22		Mabton	WA	98932	
Tri State Supply Co.	205 South 4th Ave		Yakima	WA	98902	
TriCity Truck Parts	3275 Travel Plaza Way		Pasco	WA	99301	
Triple M Truck & Equipment	77765 Westland Road		Hermiston	OR	97838	
Turner & Company, Inc.	5903 Kilawea Dr.		West Richland	WA	99353	
US Commodities, LLC	P.O. Box 860417		Minneapolis	MN	55486-0417	
ValCom, Inc.	PO Box 267		Buena	WA	98921	
Valley Agricultural Software	PO Box 740729		Los Angeles	CA	90074-740729	
Valley Auto Parts Inc.	P.O. Box 809		Sunnyside	WA	98944	
Valley Pipe Company, LLC	169801 County Road 12		Prosser	WA	99350	
Valley Spray, LLC	P.O. Box 237		Grandview	WA	98930	
Valmont Northwest, Inc.	4225 N. Capital Ave		Pasco	WA	99301	
Vet-Ex Animal Health Supply, LLC	151 McGonagle Rd		Selah	WA	98942	
Vine Tech Equipment	169208 W. KingTull Rd		Prosser	WA	99350	
Washington Department of Licensing	128 N 2nd St #116		Yakima	WA	98901-2614	
Washington State Dept of Agriculture	Livestock Inspection Program	P.O Box 42591	Olympia	WA	98504-2591	
Weaver Distributing	10705 Orchard Avenue		Yakima	WA	98908	
Wedam Veterinary Services	445 Barnard Blvd.		Sunnyside	WA	98944	
Western States Equipment	PO Box 3805		Seattle	WA	98124-3805	
Western Stockmens	c/o JR Simplot Company	P.O. Box 35143	Seattle	WA	98124-5143	Daniel Gibbons - ECF
Westway Feed Products LLC	23623 Network Place		Chicago	IL	60673-1236	
Whitby Farm	720 W. Juniper Rd		Mesa	WA	99343	RobertG. McMillen - ECF
Woodpecker Truck						
Yakama Power	61220 Hwy 97 South		Toppenish	WA	98948	
Yakima County Treasurer	P.O. Box 22530		Yakima	WA	98907-2530	

**Mensonides Dairy LLC
Service List**

Yakima Waste Systems	P. O. Box 2830		Yakima	WA	98907	
Northwest Dairy Association	5601 6th Ave S Ste 300		Seattle	WA	98108-2545	
Auke and Joreen Bruinsma	PO Box 959		Mabton	WA	98935	
Auke and Joreen Bruinsma	17580 SR 22		Mabton	WA	98935	
Kristyn Mensonides	305 S. Fisher Rd		Mabton	WA	98935	
Kristyn Mensonides	511 Broadway		Grandview	WA	9893	
Amy Mensonides	1014 Scoon Rd		Sunnyside	WA	98944	
Amy Mensonides	501 Walnut Lane		Grandview	WA	98930	
Northwest Farm Credit Services, PCA	2735 Allen Road	PO Box 1610	Sunnyside	WA	98944	John Rizzardi - ECF
Northland Capital Financial Services, LLC	PO Box 7278		Saint Cloud	MN	56302	
		333 33rd Avenue South,				
Northland Capital Financial Services, LLC	Willis Kleinjan, Registered Agent	Suite 100	St. Cloud	MN	56301	Overnight Mail